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# **East Europe Report**

**ECONOMIC AND INDUSTRIAL AFFAIRS**

**No. 2242**

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DAILY ANALYZES NEW ECONOMIC MECHANISM

AU271536 Sofia RABOTNICHESKO DELO in Bulgarian 26 Jan 82 p 1 .

[Editorial: "The Economic Mechanism--A Cause We Should All Adopt, A Task That Concerns Us All"--passages between slantlines published in spaced type]

[Text] The new economic mechanism has become valid as of the beginning of 1982. As regards its inner substance and the social goals it pursues, this economic mechanism represents a great reform in the management of our national economic complex, a reform which is in full accordance with the present stage of development in building a developed socialist society. The principles and stands of the mechanism are entirely founded on the new economic approach and on the 12th BCP Congress decisions. The new economic mechanism embodies the remarkable theoretical analysis contributed by Comrade Todor Zhivkov, as well as the tremendous experience acquired by the party and the state in organizing socialist social production.

It is quite understandable that the new economic mechanism is a subject of great interest for the working people and the social and economic organizations, as well as for the entire people. The character of the results obtained by the activities of the production collectives, of the economic organizations and of the national economic complex as a whole now largely depends on the consistent and exact application of the economic mechanism.

As Comrade Todor Zhivkov stressed in this connection: "Our economic policy cannot be successfully implemented, unless the new economic approach is consistently and comprehensively, applied. The main and crucial question now is that all elements and components of the new economic approach and of its mechanism should be comprehensively applied in every economic organization, in every brigade and in all social activities."

What is the main topical task, what are the basic trends in the activities of the party organizations and economic managements, of all social administration organs?

Regardless of how perfect an economic management system may be, it cannot automatically achieve its goals, because it is concerned with the management of complicated human activities, with social processes of the widest scope. It is sufficiently clear that the new economic mechanism demands /businesslike and efficient political as well as organizational work/, so that its basic principles may be adopted by every working man as an active and permanent code of behavior. The political work

we are facing in this respect is based on the 12th BCP Congress decisions as a source of inspiration, and on the economic strategy which this congress adopted, as well as on a number of theoretical principles worked out by Comrade Todor Zhivkov about the new economic approach in social administration.

The new economic mechanism was thoroughly and accurately analyzed in the report read by Grisha Filipov, chairman of the council of ministers, at the national instruction conference held on 13 January 1982.

The most important issue today is /promptly to engage in the explanation of the consistent application of the new economic mechanism in all spheres of the national economy and in all social activities./ In party-political work particular emphasis should be laid on the characteristic features of the main essence of the mechanism and at the same time, all necessary measures should be adopted for a comprehensive application of the mechanism in the practical work of every workers collective.

One of the features of the new mechanism is that it provides /real prerequisites for accelerating the transition from extensive to intensive development/, that it guarantees the most efficient utilization of all resources available in our economy. In this respect the mechanism largely meets the basic goals of the eighth 5-year plan period and expresses the very essence of these goals. Efficient incentives and measures likely to accelerate the scientific-technical progress are becoming effective, guaranteeing a prompt application of the advanced experience and of worldwide achievements in social production. Precisely this aspect of the mechanism, should be the main subject of political and organizational work. Very important problems of the strategic trends of scientific-technical progress, problems pertaining to the comprehensive mechanization and automation, have already been fully resolved within the framework of our national economy. Painstaking and detailed work is now necessary. The creative spirit and the initiative of the economic managements and of the experts, of all workers collectives, must be mobilized for this task.

The new approach in national economic management is /an impressive expression of socialist democracy and of the people's real rights and freedoms./ Working man participates with a decisive share in national economic management and in the administration of state affairs. His incomes and his material prosperity depend upon his real contribution to social development. This just principle will undoubtedly result in an even greater working and social achievement of the individual and will encourage people to engage in creative research, in conscientious work and in strict discipline.

The all-round application of the new economic mechanism will produce /a full co-ordination of social, collective and individual interests/, it will help to expand the creative initiative of all working people on a very large scale. By consistently applying economic cost accounting and full self-sufficiency in every economic and social organization, optimum effectiveness and a high labor productivity on a social scale, we can demonstrate the historical advantages of the socialist system in the most brilliant manner.

One of the features of the new approach in national economic management consists of its /comprehensive effect and stable rules/--starting with the planning and

organization of production and ending with selling the finished product on domestic and international markets. This is the only way of establishing uniform criteria and economic management methods, which escape the so-called "vicious circles" and avoid bureaucratic restrictions. Today everyone not only has the duty, but also a real interest in thinking about how to improve his own work, how to proceed toward greater achievements, how to manage the national wealth.

The role assigned /to the workers collective as the master of socialist property/ is a characteristic trait of the new economic approach. The rights of the workers collective are expanded. It has more scope for initiative and the responsibility which it bears toward society is enhanced as regards the utilization of resources. The role of the state, as the owner of national resources, which conducts on behalf of and in the interests of the people an overall policy pertaining to the planned development and structure of productive forces, to scientific-technical progress, to socialist economic integration and to international, economic cooperation, is also enhanced.

The economic approach is a creative approach, a truly popular approach, compatible with the mentality of the working people and close to their view of life. This approach conforms with their interests and aspirations. The working people have wholeheartedly accepted without any hesitation the new methods and means of management in a sphere which is most familiar to them, which is linked to their own work and destiny. This, however, is only one of the important prerequisites for successfully applying the economic mechanism. Another great task is facing the party organizations, the trade unions, the komsomol and the economic managements. This is the task connected with implementing the reform down to its final stage and introducing it as practical experience to all levels of social administration.

The party organizations and the communists, with their purpose-oriented ideological and organizational activities, will be capable of testing the deep political significance of the new economic mechanism in practical experience and of transforming it into a true school for millions of working people--into a school of national economic management and of social affairs.

The press, television, radio and all branches of socialist journalism also have an important role to play in explaining the basic principles and rules of the new approach. Today Rabotnicheskoe Delo is beginning the publication of a special series containing articles, reports and analyses of advanced experience on this important subject.

The economic organizations, departments and state organs are today facing very important tasks pertaining not only to the accurate and uncompromisingly disciplined application of all the requirements posed by the new mechanism, but also pertaining to the guarantee of all prerequisites for a full implementation of counterplans at a regular and uninterrupted pace. The economic mechanism exerts a comprehensive impact. It applies, to a high degree, to all links in social administration and no one is exempt from his duties and commitments stemming from plans, existing agreements and economic interrelations.

The consistent application of the new economic approach and of its mechanism is a great cause of the party and people which will result in even greater aspirations and in greater creative energy as regards our work and struggle devoted to progress and to the successful development of our socialist motherland!

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BULGARIA

BRIEFS

NEW NATIONAL ASSEMBLY DEPUTIES--Tolbukhin, 10 Jan (BTA)--Elections for a national assembly deputy were held here yesterday. People's artist Prof Velichko Minekov, deputy chairman of the Bulgarian painters union and rector of the "Nikolay Pavlovich" Institute of Figurative Arts, was elected to replace the deceased Stamen Stamenov, National Assembly deputy of the 350th Tolbukhin election district. A total of 99.99 percent of the constituents voted for the new deputy. Varna, 10 Jan (BTA)--Elections for a National Assembly deputy were held at the 35th election district in Varna today. The constituents of the "Primorsko," "Dimitur Popov" and "Anton Strashimirov" rayons elected Strakhil Khristov, chairman of the Okrug people's council executive committee, as their new National Assembly deputy. [Text] [AU171535 Sofia RABOTNICHESKO DELO in Bulgarian 11 Jan 82 p 2]

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ADMINISTRATIVE OPERATIONS, PERSONNEL REDUCTION SET

Prague HOSPODARSKE NOVINY in Czech 22 Jan 82 pp 8-9

[Article by Federal Finance Minister Belo Bosak: "Need to Economize"]

[Text] In late 1981, the CSSR government approved the Program of Savings in the Seventh Five-Year Plan, which contains not only immediate measures but also longer term tasks setting forth longer term approaches to savings in allotted funds. The program sets task for a reduction of personnel in management and administration, additional savings in official automobile travel, reduction in unproductive outlays, savings in certain expenditures abroad, strengthening of fiscal discipline, rationalization in administrative operations. The following article brings detailed information on the program.

As again stressed by the Fifth Plenum of the CPCZ Central Committee, we must orient the broad working masses toward savings and general effectiveness in production, and unify their attitudes toward fulfillment of the demanding tasks of the state plan and the state budget for 1982. Given the available resources, production tasks, and the demand to further improve effectiveness in our economy and the quality of labor, there is increasingly urgent need for diverse savings measures primarily in the industrial sphere, but also in public and private life.

In a family, we naturally understand that proper management of money is necessary because it is the family which pays when a light is left on in an unoccupied room, or when a window is left half-opened for unnecessary airing. What applies to a family is even more valid for society. Often it is enough to observe carefully and consistently search for unused opportunities for savings at every work site.

Today, the problem is not a lack of resolutions governing the struggle for higher effectiveness, quality, and economy, but rather their consistent, activist and purposeful application leading to concrete results.

Savings, as a lasting principle and characteristic of socialist management, represent in their broad overall concept a rationalized and purposeful utilization of all resources throughout the process of expanded socialist reproduction in all areas of social life. In order to fulfill the tasks expressed at the 15th and 16th CPCZ congresses, the CSSR government and other state and economic organs have adopted a number of measures toward savings in the consumption of fuels,

energy, and raw and other materials. They also focus on reduction of the work force requirements, better capital investment construction, and more economical operations in all types of transportation. But the new elements which must be adopted in practical usage, include a gradual transformation of fragmentary individual operations into a unified program of conservation at all levels, in enterprises, VHJ [economic production units], in ministries and throughout the country.

A better approach to economizing is also essential in the whole state and budget sphere in which, during the Sixth Five-Year Plan, we have implemented a number of measures which resulted in partial positive results. This process demonstrated how important it is to ensure the effects on economizing on a long-term and targeted basis. Measures to strengthen this trend, therefore, must not be regarded as a one-time act, but rather must be viewed as a permanent effort aimed at better fulfillment of the state plan and state budget, in harmony with the whole system of management.

Consequently, the program of savings approved by the CSSR government for the coming years, contains not only concrete immediate measures, but it is also a program of further intensification of conservation. Thus, it is an open program which will be supplemented and developed in consonance with the needs of effective growth in the national economy.

Concrete conservation measures of the program are focused on the following:

- work force reduction in management and administration;
- reduction of certain unproductive outlays;
- savings in certain expenditures in relation to foreign countries;
- better fiscal discipline in all sectors of the national economy;
- rationalized administrative operations and a check on certain budget outlays.

#### Work Force Reduction

In the management and administrative sector (category 7 in the unified job classification scale) there were as of 31 December 1980 (without the JZD [Unified Agricultural Cooperatives]) a total of 817,271 employees, i.e., 29,696 (3.8 percent) more than in 1976. During the same period, the total number of technical and economic personnel (categories 6 through 9 of the unified job classification scale) rose 114,559, i.e., 5.7 percent, the number of blue-collar workers by 91,790, i.e., 2.7 percent, and the number of sales and services employees by 89,622, i.e., 10.4 percent.

Of the total number of employees in management and administration, the management and administrative apparatus (the so-called RAS) in 1976 accounted for 570,637 employees. During 1976-79, this apparatus gradually grew and reached 573,697 employees. As a result of the economy measures decreed by the CSSR government in Resolution No 312/1979, this number fell in 1980 to 560,851, i.e., by 2.2 percent.

The organs of state administration had in their 1981 table of organization a total of 71,421 employees--21,787 in central organs and 49,634 in the national committee apparatus. This was a 1980 ceiling which had already been reduced from 1979 by 5 percent (2,754 employees).

The volume of wage means for the organs of state administration was, in the 1981 table of organization, set at the level of 1980, following deduction of the amount corresponding to the reduced number of employees. That means that in the organs of state administration average wages required the same as in 1980.

Just as in the organs of state administration (ceilings), this system was also applied in 1981 in certain budgetary organizations directly managed by the central organs which operate under organization tables (there are 24,469 workers in these), and in the central offices of the so-called nontabled central organs, such as in the central offices of the Czechoslovak State Bank, the main State Bank offices for the CSR and SSR, the main offices of Czechoslovak Television, Radio, Press Agency, and Film (where 2,329 workers are employed).

In other budgetary and contributory organizations directly managed by the central organs, in which the table of organization has not been introduced, there are in the management and administrative sector roughly 18,000 employees. In 1980, the number was reduced by 470 employees.

In the budgetary and contributory organizations managed by the national committees, which are also not covered by a table of organization, there are in the management and administrative sector about 67,709 employees. In 1980, the number was reduced by 1,178 employees.

Up to 1981, the number of management and administrative personnel in economic organizations was bound by the regulation governing the total number of technical and economic employees. This regulation was enforced through binding ceilings set in the state plan and the branch breakdown of individual VHJs and organizations. On the one hand, these ceilings have the form of absolute figures, on the other, of the share of technical and economic personnel in the total number of employees. Currently, both of these ceilings are binding for the branches, VHJs and organizations.

In scientific research organizations, there are 180,000 workers. In economic research institutes (roughly 2,400 employees), the number was reduced in 1980 by 199 employees. In the other institutes, the management and administrative apparatus was reduced by 620 employees.

The number of workers in the management and administrative sector is still disproportionately high, despite measures adopted in recent years. Consequently, the CSSR government has decreed that, during the Seventh Five-Year Plan, we must gradually limit--through organizational and rationalization measures--the scope of management and administrative duties, with a corresponding reduction in the number of employees, and we must initiate this process right now. This will require, above all, activist measures toward higher productivity and professionalism of individuals, simplification of the administrative process, removal of needless middle echelons, rationalization of operational processes, elimination of duplication, formation of larger organizational units and higher quality in management work and effectiveness of operations.

Based on these measures, the task of reducing the number of employees by the end of 1985, is set as follows:

--in federal and republic central organs operating under the table of organization, by 12 percent (roughly 2,500 workers);

--in central federal and republic organs not operating under a table of organization (state bank, press agency, radio, television, film), by 10 percent (roughly 230 workers);

--in the national committees apparatus (except municipal and local national committees in localities of up to 40,000 inhabitants), by 12 percent (roughly 3,500 workers);

--in budgetary organizations directly managed by the central organs, which are not under a table of organization, by 5-10 percent (roughly 1,800 workers);

--in other budgetary and contributory organizations directly managed by the central organs, by 10 percent of employees in category 7 of the unified employment classification scale (roughly 1,800 workers);

--in budgetary and contributory organizations managed by the national committees, by 10 percent of employees in category 7 (roughly 3,200 workers);

--in specialized economic organizations directly managed by the central organs, by 20 percent (roughly 4,600 workers);

--in scientific research organizations, except for those of an economic character, at least 10 percent of workers in employment category 7 (roughly 1,500 workers);

--in scientific research organizations of an economic character, by 20 percent (roughly 500 workers); prepare for this propose a proposal for a more rationalized organization of economic research;

--in economic organizations, differentiated according to branch, by 10 percent of employees in category 7 (roughly 50,000 workers).

This reduction in individual years should be fully projected into the ceiling for employees in categories 6 through 9 in subsequent years.

In order to accomplish the labor force reduction to the extent indicated, the Federal Ministry of Labor and Social Affairs will, in cooperation with other concerned ministries, issue appropriate regulations and directives which will outline how these tasks are to be carried out in consonance with the legal code. We will also make sure that this task is not evaded but that, at the same time, there will be instructions on the procedures of placing released workers elsewhere and on protecting their material welfare. This directive will be issued by the end of January 1982.

#### **Economy in Official Automobile Travel**

Other measures are being adopted to economize in official automobile travel. The aim is to further reduce, through rationalized utilization of automobile transport during 1982-85, the number of official cars to fit actual requirements in individual branches, a reduction of 10 to 30 percent of the planned level of 1981.

In 1977, state, social, and cooperative organizations (excluding the armed services) owned 132,720 official cars to transport people and satisfy technological needs. For their operation, we needed 50,846 professional drivers and consumed 641,335 tons of gasoline.

Through implementation of savings measures approved by the CSSR government, the number of official cars was reduced by the end of 1980 to 112,923 vehicles (a reduction of 19,797 in comparison with 1977), the number of professional drivers to 34,004 (16,842 less than in 1977), and the consumption of gasoline to 474,153 tons (167,182 tons less than in 1977).

Good results were also achieved in other sectors of official travel. New cars are assigned to organizations exclusively in the form of availability allotment. Organizations are not permitted to purchase used cars from private individuals. Order was also established in the assignment of T 613 cars and in granting exceptions for the use of official cars to travel to and from work. Throughout the CSSR, we have designated 1,060 users who may be assigned new T 613 vehicles. In all other cases, organizations may in principle use only medium or small cars, or used T 613 vehicles (with more than 90,000 kilometers of travel). Contrary to the past when 1,200 permits for official car use for travel to and from work were issued, the number of exceptions from the general ban on such use was greatly reduced. At present, there are only 136 cases of such exceptions throughout the country, 55 serving the federation, 41 the CSR, and 40 the SSR.

Fulfillment of the government-approved measures to economize in automobile transport, has been checked, and organizations and individuals guilty of violations were penalized in the form of surplus deductions and lower premiums and rewards to eligible management personnel. During 1978, organizations paid penalties amounting to Kcs 109.1 million; in 1979, Kcs 31.9 million, and in 1980, Kcs 5.2 million. Penalties for nonfulfillment of tasks (exceeding the binding ceilings on the consumption of gasoline, the number of authorized official vehicles, number of drivers, etc.) will be assessed for 1981 as well.

Despite the positive results achieved in the last 4 years in conservation in the use of official transportation, there are still partial shortcomings which were noted by the control organs. Thus, for example, the reduction in the number of drivers was accomplished by formally transferring an individual to another job, while he kept performing the duties of driver. Low economic utilization of vehicles indicates that their number could be further reduced. The form of availability allotment has thus far not satisfied the requirements of organizations for smaller cars. Cases have even been found of T 613 vehicles being assigned outside the authorized circle of leading officials, or else in greater numbers than prescribed. The central organs and organizations have a tendency to broaden the granting of authorized exceptions. The control organs often find that the use of official cars for travel to and from work extends to leading officials other than those with such entitlement.

We continue to devote attention to the implementation of measures to reduce official automobile travel. CSSR government Resolution No 281/1981, effective 1 November 1981, eliminated the use of official cars by leading officials for private purposes. The State Planning Commission expects in the 1982 state plan a further reduction of availability allotment of new official cars, as well as

a reduction in the binding ceilings on gasoline consumption. The Federal Ministry of Finance and the Federal Ministry of Labor and Social Affairs are preparing a new system of both sanctions and incentive measures toward savings in propellants, fuels and energy, the effective date of which will be 1 January 1982.

In carrying through additional conservation measures, it is essential to simplify the system of implementation, and eliminate the needless administrative burden in this area. The use of vehicles for official purposes must henceforth be characterized by maximum economy.

Despite the above-mentioned successes in making automobile transport more economical, the government decided that additional conservation measures were needed in this area:

--through rationalized use of available vehicle inventory, ensure during 1982-85 further reduction in the number of official passenger cars, according to concrete possibilities in individual branches; by 10-30 percent of the planned level for 1981;

--assign Tatra 613 cars only to ministers, first deputy ministers, chiefs of central organs, chairmen of regional national committees, and mayors of the capitals Prague and Bratislava;

--apply similar procedures in assigning Tatra 613 vehicles to legislative bodies, National Front organs, and consumer production collectives;

--eliminate the custom of transferring used Tatra 613 cars to other components, but rather leave them in an organization until their final removal from operations, or until, having been driven at least 90,000 kilometers, they are sold to organizations of the taxicab service;

--in cases other than the above, change over during 1982--according to availability--to the use of vehicles with lower gasoline consumption, including travel in the city, short distances elsewhere, and authorized travel to and from work;

--review and further reduce already issued permits for travel to and from work;

--given the current situation and the proposed measures, reassess the production of Tatra 613 cars, in consonance with CSSR government presidium Resolution No 76/1981;

--in the interest of thoroughness and equity of the penalties for failure to heed the measures for economy in automobile transport, assess higher penalties for overuse of gasoline within the framework of supplemental penalties for exceeding binding ceilings on deliveries of selected crude-oil products, according to CSSR government Resolution No 339/1981;

--make sure that at least one-fifth of all passenger cars and smaller trucks assigned to central organs and organizations are driven not by full-time drivers but by the individuals who use them on a regular basis. The professional drivers thus released can strengthen those branches which have a shortage of workers.

## Unproductive Outlays

In an effort to reduce certain unproductive outlays, ceilings have been set during the Sixth Five-Year Plan on general travel expenses, advertising, entertainment, refreshments, gifts, etc. This method was basically successful and produced good results.

The annual reduction of ceilings on general travel expenses, produced in the state budget not only a more economical way of expending fiscal means in this area, but also savings in propellants and lubricants. The ceilings on expenditures for advertising were introduced in 1980, primarily due to their uneconomical nature, as seen by controls. The introduction of ceilings and stricter accounting requirements in this area produced a fiscal effect of Kcs 1 billion, compared with the level of 1978. By the same token, the annually reduced ceilings on entertainment, refreshments, and gifts, creates a climate of more economical approaches to the use of allotted funds. In 1980 alone, for example, these expenditures were reduced in a differentiated manner by 30 percent, compared with 1979.

Available information from checks and controls, especially in the above areas, justifies the decision to continue the reduction of unproductive outlays in the Seventh Five-Year Plan, especially the ceilings on general travel expenses, entertainment, refreshments, and gifts.

The government decided to reduce the following in 1982:

--ceilings for entertainment, refreshments and gifts by another 10 percent against the goal set for 1981, with the condition that, in applying consistent differentiation in breakdown, the expenditures not exceed Kcs 125.4 million;

--ceilings on advertising by another 10 percent as against the goal set for 1981, with the condition that, in applying consistent differentiation in breakdown, expenditures not exceed Kcs 711.9 million;

--general travel expenses, as compared with the 1981 ceiling (Kcs 10.5 billion), by 5 percent, while taking into consideration construction assembly, services and similar operations on which depends the fulfillment of production tasks.

It was also decided to apply in 1982 the present system of penalties with respect to controlled expenditures in the sense of material and organizational measures, such as those used to ensure budgetary economy in 1981.

Exceeding binding limits will be consistently punished. Exceeding the limits on expenditures for entertainment, refreshments and gifts will not in principle be permitted, and the ceiling for the following year will be reduced by the size of the overage. Similarly, no authorizations will be granted for exceeding the ceiling in advertising.

In the course of 1982, the overall system of ceilings under existing conditions, will be assessed with the aim of intensifying the effectiveness of these measures, especially as to their operational suitability and to what extent they contribute to enhancing the responsibility of the branches. At the same time, we will evaluate the effectiveness of the current system of penalties applied in selected

types of expenditures. In this connection, the directives of the Federal Ministry of Finance on the handling of entertainment, refreshments and gift allocations, will be amended with the aim of narrowing the authorized areas for this type of expenditure.

It was also decreed to introduce stricter procedures in the handling of other personal expenditures, with the aim of reducing them from the 1981 level, while devoting more attention to agreements on work performed outside the regular employee relationship.

In the interest of reducing expenditures for symposia, aktivs, seminars, boarding schools, other types of training and similar activities, we were charged with conducting during 1982 a check on their usefulness and economic or other justification for their continuation.

Beginning with 1982, it is forbidden for all socialist organizations to purchase furniture on individual orders (exceptions may be authorized in national monument renovation, with concurrence of the appropriate central organs). Purchase of expensive works of art will be sharply limited and the highest degree of economy will be exercised in authorized cases of this type.

With respect to expenditures for other investments, it was decreed to apply the principle of maximum economy with the aim of reducing them. Therefore, such other investments will be planned in a limited extent only. It is especially against regulations to cite these as purchase of fixed assets in the plan of funding capital investment construction. These funds can be purchased only where organizations have sufficient resources of their own. Purchase of fixed assets can be included in the plan only exceptionally in the purchase of buildings, construction projects, or land for construction of housing or other purpose, provided that these funds are backed by concrete data and documentation. This measure will be projected into the methodological instructions of the State Planning Commission and the Federal Ministry of Finance beginning in 1983.

The government also ordered an evaluation of the advisability of requiring mandatory payments into the federal and republic budgets for failed (or obsolete) projects in capital investment construction and technological development. Appropriate directives on this subject will be issued by the Federal Ministry for Technological and Investment Development and the Federal Ministry of Finance.

Throughout the five-year plan, more attention will be devoted to unproductive outlays going abroad, including both personal and operational expenses of CSSR diplomatic and commercial installations, with the aim of achieving maximum economy in outlays expended for their activity and maintenance.

#### Reducing Administrative Burdens

Measures in the area of administrative work are aimed primarily at improving the system of planning, fiscal and statistical accounting, utilization of computer technology, and at overall simplification of the regulatory process.

For quite some time now, there has been criticism of the untenable scope and constant growth of administrative procedures. Administrative demand in management

has become a serious problem which requires an objective assessment. Consequently, under the supervision of the Government Committee for Problems of Planned Management in the National Economy, we have organized an effort to examine and resolve these questions.

The problem of administrative burden cannot be viewed merely in terms of the volume of paperwork, reports, statistical, accounting and other documents, but it must also be judged with respect to basic relationships in terms of the main causes arising from planning and management. In certain areas, the need is great to resolve it in a systematic fashion, especially through computer technology.

In economic practice, there are tendencies to regulate through directives virtually all aspects of social life (which is neither appropriate nor necessary), to the point that everything is covered by regulations, so that the risks of decision-making become minuscule, in other words, so that we have something "to lean on." Adjustments carried out under many regulations, lead in some cases to administrative methods of work, to insufficient flexibility in operations, to stereotyping and at times even to bureaucratic forms of activity. The volume, breadth and complexity of legal norms then lead to arguments that not all tasks emanating from these regulations can be met in proper quality and prescribed deadlines, given the available number of workers.

If we start with the concept that administration is a set of standards, then the administrative norm is binding for the recipient. Nonfulfillment may be penalized through all means which the manager has at his disposal. Incorrect application of this concept can mean that the manager is basically able to issue any number of directives and demand their fulfillment. The manager may understand his role in simplistic terms as simply the source of regulations. The more of them he issues, the better he manages. Yet, we must bear in mind that a directive which disregards the capability and specific conditions in the subordinate units cannot be effective. Where the number of exceptions grows, we see a signal of poor quality norms or overly centralized management.

Administrative standards issued by a higher organ cause a chain reaction in issuance of standards in subordinate organizations. It is therefore necessary to improve mutual coordination in the issuance and interpretation of regulations.

With respect to current needs, it is thus desirable to check over existing management acts from the viewpoint of their timeliness, mutual benefit and legislative quality. Consequently, the CSSR government has decreed the following:

--review of the standing intrabranch directives and instructions, in order to identify areas where there is need of maximum simplification and reduction of these management acts;

--despite a certain amount of simplification already accomplished in the various required forms and questionnaires, reassess their volume, content and number of recipients, the need to subdivide the plan (months, quarters), the number of planning groups and extent of indicators according to planning groups and regions, possibly from other points of view, and conduct this reassessment as early as in connection with the preparation of the plan and budget for 1983;

- check the scope and content of statistical questionnaires with the aim of their reduction, and use a stricter approach to approved procedures for newly proposed forms and reporting mechanisms;
- prepare and organize in all organs a check of the need to submit various statements and reports; differentiate their scope according to different echelons of management and according to their importance for a given management level with respect to planning methods;
- improve the process of summarization and channels of submission, as well as the utilization of available data to eliminate duplication and make maximum use of information already at hand;
- check the preparation and utilization of existing statements of account and reports, along with a check of the effectiveness and utilization of summary data prepared in various sections and containing an informational system of a long-term character and multipurpose use;
- in the sector of summarization of state accounting statements for higher economic bodies, we must first obtain the reports from the subordinate VHJs, thus accelerating central compilation in the statistical organs, and reducing the number of units contributing directly (to less than one-tenth), allowing elimination of duplicate perforation of enterprise data contributions;
- in order to improve effectiveness in the area of computer technology, conduct a check of its utilization in the national economy and its correct application; analyze the positive and negative factors bearing on the effectiveness of computer use, and based on the findings, draw appropriate conclusions for production management and for the use of computer technology in the national economy;
- in order to assure rationalized placement and utilization of investments in computer technology, prepare a more precise system of its planning and inventory which would suit the actual conditions in production, especially import. At the same time, apply the principle that the use of computer technology is part of a complex program for a system of management in individual branches for which these branches are directly responsible;
- tighten the criteria for import and installation of equipment for automated data processing.

With the aim of further intensification of fiscal discipline and fiscal control, the government ordered an overall evaluation of the effectiveness of fiscal control and oversight, an analysis of the effect of the various financial penalties, and proposals for strengthening the effectiveness of these penalties, with graduated effectiveness beginning on 1 January 1983.

In an effort to find additional reserves in outlay items of the state budget, the CSSR government also ordered a check on the usefulness of certain sizeable budgetary items, especially in the noninvestment sphere, this assessment to be accomplished at the time of recomputation of the 1982 state budget to the new wholesale prices.

Through these and other measures, we strive gradually to reach a point where, together with emphasis on effectiveness in production, there is better management in the entire nonproduction sphere as well. In this we must remember that not all of us will become good and high-quality managers overnight. However, each of us can do his job better today than yesterday and tomorrow better than today. Therein lies the first prerequisite for economizing, thoughtfulness in our work, and constant search for improvement in it, how to improve the quality of our performance, how to save time needed for production, in short, how to be a better manager in each sector of the national economy.

To seek new opportunities for savings is naturally important. However, increasing effectiveness and savings in this manner alone is not enough. The basic answers must be sought in new production processes, in more intensive application of scientific and technological discoveries, in a change of structure in production and other operations, so that they strive for the achievement of a preset goal made concrete by the parameters of high effectiveness, quality and technological level.

9496  
CSO: 2400/142

RETAIL TRADE PROBLEMS IN LAST QUARTER OF 1981 DISCUSSED

Prague HOSPODARSKE NOVINY in Czech 22 Jan 82 p 2

Commentary by Jan Kumr, CPCZ Central Committee: "Retail Trade Turnover"

The last quarter of 1981 terminated the first year of the new five-year plan. It involves a period for which the 16th CPCZ Congress stipulated, among other things, maintenance and improvement of the quality of the high standard of living of our working people. In keeping with its resolutions, the domestic market was assured of supplies of goods and, according to recorded results, personal consumption expressed in retail trade turnover in key trade systems increased 2.4 percent in the course of the year. Its dynamics were higher in the past. Due to known external and internal effects, the planned rate of increase in consumption became reduced. Development of the standard of living is commensurate to how well we are succeeding in expanding our productive forces, meeting the plan quotas, accelerating the efficiency of all economic growth and eliminating adverse external effects.

In spite of many serious problems, it can be stated that the attained results did make it possible to maintain material consumption meeting the stipulation of the directive, making its implementation comparable to a majority of the most advanced countries in Europe. Market supply is quite often considered to be the decisive indicator of the standard of living, but it must be taken into consideration that the standard of living includes an entire complex of achievements which the part of our population--specifically due to the fact that it does not know any other system than the socialist system--takes for granted. Thus, market supply can neither be considered to be the only criterion deciding the standard of living, nor can it be underestimated, dealing with it postponed, or offering of excuses instead of a realistic approach to its promotion.

Problems on the domestic market are not due to any shortage of goods. But we do have problems in the structure of supply. The cause of these problems is to be found in underestimation of the fact that in our country there is occurring a gradual change in vital priorities of personal consumption. The consumer does not consider mere satisfying of his basic needs to be of vital importance any more, but, on the contrary, he demands that the domestic market offer the widest possible array of goods that are on a par with worldwide standards, calling for a well-supplied table and quality commercial services. In realistically assessing this situation we must come to the conclusion that--despite a number of adopted and, in the course of time, implemented measures--there are still many tasks that are still pending and have not been met. The fact that they persist for protracted periods provides an indication that the efforts developed in this regard by production and trade have been less than sufficient.

Everyday life convinces us that mere political directives by themselves, no matter how well devised, are not enough, even though they are the initial and indispensable prerequisite. What counts is their implementation. The political aim of adopted measures--as emphasized also by all sessions of the CPCZ Central Committee--is to make positive improvements highly visible. They must be felt by each retail buyer who evaluates the situation quite pragmatically, depending on how well his needs were satisfied in the sales outlet. Regretfully, in implementing these measures we still encounter manifestations of indolence, imbalance, smugness and using others as an excuse. Those are the facts on the one hand. On the other hand, there are also many phenomena which are hard to predict in the behavior of consumers.

A good survey of consumer interest is an indispensable prerequisite for supplying the domestic market with the requisite goods from production and from imports. However, it is of little help in a situation when there occurs an enormous increase in purchases, interference with continuity of the planned rhythm caused by enemy propaganda to which some people succumb. That leaves no other approach than regulation in a responsible manner, prevention of excessive accumulation of goods in households, losses and waste. This became manifested very unequivocally at the outset of the fourth quarter. Consequently, e.g., retail trade turnover in October exceeded the plan quota by 9.9 percent, and the situation was similar in the first 10 days of November. On the other hand, toward the end of November, the market showed a certain amount of restraint in purchasing occasioned by the upcoming reduction of selected retail prices.

Overall, the plan for retail trade turnover in the last quarter was met in key trade systems by 105.2 percent. Steady rate of sales, particularly for certain types of goods, was strongly affected by the already mentioned excessively high purchases.

In food supplies, high interest was concentrated on purchasing of selected basic types, primarily sugar, salt, edible vegetable oils and flour. The extent of demand is illustrated by the development in wholesale supplies which, in comparison to the same period of the previous year, increased in the case of sugar by 24 percent, salt 16 percent, oils 14 percent and flour 10 percent. Increased demand failed to be met in the case of meat and lard, while there was an adequate supply of poultry, saltwater fish, eggs, milk and dairy products (with the exception of hard and fatty cheeses). The demand for syrups and preserved fruit remained unmet. In spite of sales regulation, the demand for typical varieties of Christmas foods also failed to be fully met due to high demand.

In industrial goods, there was a surge of interest in products for which the retail prices were lowered--black-and-white television sets, vacuum cleaners, small appliances, radio receivers, tape recorders and watches. In textile products they were curtains, carpets, knitted goods, thermal sets and some types of readymade clothing. In the case of soap products, in spite of a substantial increase in supplies and enforced regulation of sales, supplies became sold out shortly after delivery to sales outlets.

Even if we disregard these intermittent, extreme situations on the domestic market, there still comes to the fore an illness of long standing, common to production and trade: namely, that in spite of considerable inventories of many types of goods, supply does not fully correspond to demand, and demand for desired types of goods is not met. Trade must, therefore, better represent the interests of consumers

in relation to production and meet the demand for continuous supply of goods in the requisite assortment, quality and various price ranges. This does not mean satisfying any kind of demand, but that which is commensurate to a long-term average, being simultaneously compatible with the socialist life style. This mutual responsibility of trade and production which cannot be delegated must lead to respecting social interest by producing only what can be effectively utilized.

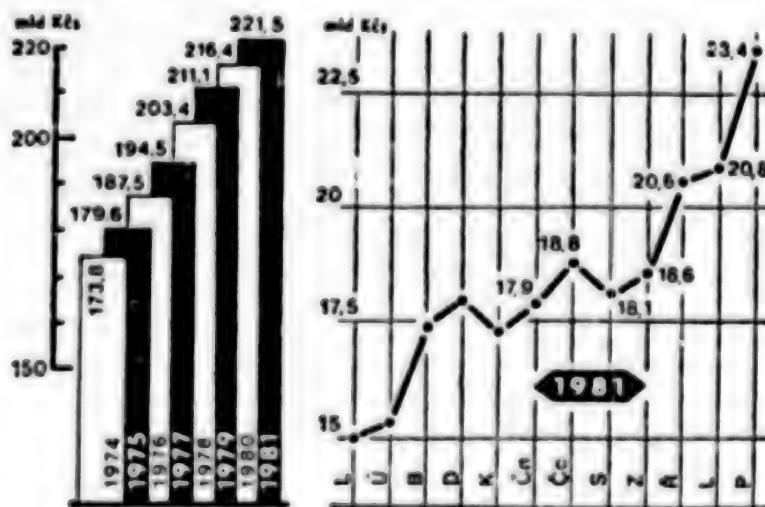
Our economy currently faces one of the most difficult tasks of the era of socialist development. In the national economy, we are undergoing a fundamental reorientation in management and planning as well as in topical orientation of further planned approach. Tasks are more complex, conditions are harder. Our mental attitude must rise to the occasion. If we thought that we could still tolerate waste and poor-quality products with impunity, no such thing applies to the year 1982 and subsequent years if we do not want to bring adversity on ourselves. We can divide only as much as we produce. Nobody will give us anything for nothing and we cannot live on credit. That must form the basis of our demands as consumers and of our performance as producers and managers. That must also form the point of departure for the activities of all personnel engaged in trade.

Resolutions of the 16th CPCZ Congress cannot be regarded as fulfilled and relegate them as last year's program. They will remain a task until they are implemented. For responsible personnel in production, trade and services, the fewer tasks they have managed to implement so far, the more obligatory they are.

#### Retail Trade Turnover in 1981

According to preliminary information, retail turnover within the sphere of activity of the Ministry of CSR and SSR Trade (in other words, not counting those trade organizations directed by other ministries) amounted to 221.5 billion Kcs last year, which, in comparison with the previous year, represents an increase of 1.3 percent. Total results are influenced most each year by December figures (1981/1980 = 103.3)

**RETAIL TRADE TURNOVER**  
 (Main Trading Systems) in the years 1974 - 1981  
And Its Development Over the Individual Months of Last Year (in billion Kcs)



CZECHOSLOVAKIA

BRIEFS

WASTE BREAD COLLECTION SHAM--Not only waste bread, but also dumplings are now being purchased for animal fodder by the Druzba unified agricultural cooperative in Jenisovice. The Pioneer youth organization has been collecting waste bread for this organization since January at six basic education schools in Jablonec. The competitive nature of this program at schools encouraged some parents to purchase excessive amounts of fresh bakery products, a part of which ultimately ended up in waste bread collection. To remedy this situation, the program has been reverted to a noncompetitive one. [Prague SVOBODNE SLOVO in Czech 17 Feb 82 p 3]

CSO: 2400/151

#### INCREASED FERTILIZER USE HAS NOT IMPROVED YIELDS

Warsaw RZECZPOSPOLITA in Polish 21 Jan 82 p 4

[Article: "Is Agriculture Short of Fertilizer? Other Countries Consumer Less Fertilizer But Obtain Higher Yields"]

[Text] During the past 20 years, the consumption of artificial fertilizers in terms of pure component (NPK [nitrogen, phosphorous, potassium]) has increased more than five-fold (from 36.5 kilograms per hectare cropland in 1959/1960 to 192.9 kilograms in 1979/1980). The consumption of lime fertilizers increased by nearly 13 times (respectively from 12.4 kilograms to 159.7 kilograms).

On the other hand, this great increase in chemical fertilizers was not accompanied by a corresponding rise in crop production. Grain yields in 1976-1980 were barely 7.5 quintals per hectare higher than in 1961-1965 (an increase of about 43 percent), while the increase for potatoes was 23 quintals (up about 15 percent), sugar beets -- 13 quintals (up about 5 percent), and meadow hay -- 22.2 quintals (up about 63 percent).

In 1976-1980 the 32-kilogram increase in fertilizer application using NPK in terms of per-hectare consumption even coincided with a decline in yields. This decline was precipitated, for example, by adverse weather conditions in 3 of the years of the five-year period. Nonetheless, the progress made in yield levels should be considered astoundingly low, particularly when we consider those of certain other European countries.

Austria and Sweden, which use a smaller amount of artificial fertilizer per hectare cropland than Poland do, obtain grain yields of a dozen and some quintals higher. Similar differences showing Poland's disadvantage concern other crops. If we gleaned as much as Austria and Sweden do per hectare, Poland would turn from an importer of grain into an exporter.

In our country the reasons for the lesser effectiveness of the application of chemical fertilizers are the differences in the level of fertilizer consumption from one sector and region to another, the unregulated water ratios in our soils (excessive or insufficient moisture); undermechani-

zation of cultivation, inadequate progress in crop-raising and seed production, losses from plant pests and diseases, and so on. We continue to see great waste of natural fertilizers, without which it will be difficult to obtain high yields, given the fact that most of our soils are quite light.

Owing to imperfect agroengineering, part of the fertilizers applied in our country winds up in the rivers and lakes. Certain estimates show that we lose about 20 percent of all the nitrogen fertilizer applied, in this way.

In the coming years we must accelerate the growth of crop production. This is a fundamental condition for coming close to self-sufficiency in terms of food. Chemical fertilizer application in and of itself will not help much here, unless we concern ourselves with the other crop-production factors.

10790  
CSO: 2600/336

REPUBLIC, PROVINCIAL ECONOMIC PLANS FOR 1982

Introduction

Belgrade KOMUNIST in Serbo-Croatian 22 Jan 82 p 12

[Articles by various authors: "Approximation to Reality"]

[Text] With respect to economic development this year is expected to be different from previous ones in many respects. The difference lies above all in the fact that all the republics, both provinces and the country as a whole began it after having already adopted resolutions on policy for implementing the medium-term plan. More important than that is the fact that those resolutions expressed commitment to economic stabilization. That is, every republic and province, taking its own specific circumstances as its point of departure, has set forth those tasks whose performance ought to contribute to augmenting the quantity and improving the quality of goods for the foreign market. The extent to which those tasks are in agreement with that goal can, it seems, be partly illustrated by articles on the most important directions in the republic and provincial resolutions. We are publishing this series of articles in this and our next issue.

Socialist Republic of Montenegro

Belgrade KOMUNIST in Serbo-Croatian 22 Jan 82 p 12

[Article by Vidoje Konatar: "Economy as a Rule of Behavior"]

[Text] Montenegro cannot have a deficit larger than \$50 million this year. However, the appetites of organizations of associated labor which, converted to demands, have reached the republic self-managing community of interest [for foreign economic relations] exceed that amount sevenfold.

The first days of January brought great troubles in the supply of scrap iron to the Boris Kidric Steel Mill in Niksic, which is the collective with the largest workforce in Montenegro. Output was cut in half, and there were days when not one of the eight furnaces was in operation.

These examples illustrate the inheritance from the past and the difficulties which await Montenegro's business entities this year. That is why the resolution was based on quite modest and realistic growth indicators, but also on the requirement that the negative trends be halted, especially in the sphere of foreign economic relations, investments, utilization of capacity and the attitude toward work.

The first task singled out is reducing the deficit in foreign trade. These figures give testimony to how indispensable that is: Montenegro's indebtedness is twice the national average; the share of exports in the social product is 14.5 percent and that of imports 34.3 percent; 40 percent more will have to be exported and imports considerably reduced to achieve the average Yugoslav level of indebtedness.

The very first talks about dividing up the "foreign exchange pie" led to squabbles for all these reasons, but the overall principle is that importing can no longer be done at someone else's expense. Every organization is responsible for and dependent on fulfillment of the export plan. Up to now cases have not been rare when the business entity which exports \$2.5, receives only \$1, while others take advantage of the blessing of high prices on the domestic market.

What can be done in this area? There is a realistic possibility of reducing consumption of heavy fuel oil to half, and then of reducing imports of electric power, scrap iron and wood.... After all, to take an example, the recycling of scrap paper alone can replace about 80,000 cubic meters of wood every year, nor is the potential for collecting scrap iron so small. Nevertheless, though this is constantly being emphasized, little attention is being paid to collection of secondary raw materials, whose purchase means a drain of millions of dollars.

The consequence of this situation and this kind of behavior is a very restricted channel for foreign indebtedness. But in spite of that, since this republic's economy is rather dependent on imports, preference must be given to industrial goods, to raw materials and imported equipment, but only to those which will quickly "generate" foreign exchange.

The 5-percent growth of industrial output anticipated for this year is based above all on new capacities, as well as on better utilization of existing ones. The need for greater utilization of internal potential is rightly pointed to. After all, there is little talk about introducing more than one shift, though this is the fastest way of increasing employment and of stabilizing economic activity. Material costs are often rising faster than income, and in a large number of cases because standards concerning the specific inputs of raw materials, energy, spare parts and work time are being exceeded.... If we add to this irresponsible behavior, poor discipline, and idleness--which the working people are combating with little success, it is only then we see the size of the internal potential represented by shortcomings.

It seems that the planners have finally begun to lower their sights from the high and expensive smokestacks to the fields and meadows. A larger growth of agricultural output has been foreseen. It is an encouraging datum that new investment projects can no longer be undertaken without thorough study. The number of

Investments has in any case been reduced, and the overruns have been covered except in three or four opstinas. But problems remain: slow progress in construction, delays of startup, inappropriate planning....

Since the remedy for many shortcomings lies in faster development of self-management relations and in a change of behavior, that ought to become the locomotive of the train referred to as economic stabilization. And certainly economy, conceived less as a tightening of the belt and more as optimum and stewardly behavior, should be one of the first cars.

SR Croatia

Belgrade KOMUNIST in Serbo-Croatian 22 Jan 82 p 12

[Article by Drago Kojic: "Production Governed by Exporting"]

[Text] Adoption of the resolution on socioeconomic development of Croatia during this year was preceded not only by a thorough and occasionally very fierce public discussion, but also by a lengthy procedure that was a bit complicated. It was not until the final meeting of the Croatian Assembly in the last week of 1981 that that document, with its accompanying financial planning literature, received its "pass" for application in practice. Up until the very last moment, up to the point when the smallest details were reconciled, the proponents of that key economic breviary were showered with numerous objections and demands that certain sections and postulates be supplemented and amended, and a thick bundle of amendments arrived. Much of that material that arose during the public discussion was woven into the text which was finally adopted, a text which differs essentially from the version originally offered. Yet this does not mean that the resolution has been freed of all shortcomings and that it is fully stated specifically and in all details--which was one of the most frequent criticisms.'

The persistence of the Chamber of Associated Labor in the Croatian Assembly, which insisted that last year's losses not be recognized as an "advance" against the increased expenditures of the social services in 1982, paid off in the end, since the other signatories of the resolution were also inclined to that opinion. Not that that is any major material victory, since at the same time the delegates have no illusion that the health service and the educational system, for example, can halt the rise of expenditures when prices are galloping (even if the forecast of the synoptic planners, which set the rise of prices at "only" 15 percent, were borne out). More important in this case is the victory of the fundamental view that bills for losses, regardless of what caused them, should be presented to those who are making them up.

The resolution was adopted, and it would be pointless and harmful to exhaust oneself seeking out its shortcomings. A more difficult and crucial task remains: accomplishing the principal planning targets for 1982. It will not be at all easy to augment industrial output by 4 to 5 percent, but there is need to persist in that effort, since it is an unconditional prerequisite for an 8.5-percent growth of exports and reduction of the payments deficit. These figures indicate that the principal battle of stabilization will be waged on the export front, and that means that overall behavior must be governed by export transactions. Even under last year's unfavorable conditions a portion of the economy of SR Croatia did manage to demonstrate its productive vitality even on the international

market. However, viewed as a whole, exports have still been more motivated by the necessity to avoid upsetting the already unstable foreign exchange equilibrium than by the interest of associated labor to realize income in this way. Many OOUR's [basic organization of associated labor] have announced their readiness to persist in the orientation toward exports, but they have a fully justified expectation that their endeavors will meet with concrete support from economic policy, which presupposes relaxation of administrative controls. Those who are exporting promises and in exchange are importing raw materials and other industrial goods for which a high price is paid should not count on such support by any means. Some like that have managed to "slip through," even in the dense forest of last year's restrictions and limitations, which is still another link in the chain of evidence that errors in behavior cannot be corrected (merely) by means of legal provisions.

The public discussion during the preparation of the resolution showed that the greatest fear is caused by prices, which in the past have rarely paid any attention to the planned rates and percentages. This will probably be the key chapter this year as well, since any overflow of inflation out of the trough that represents stabilization would threaten all the key postulates, and we would find ourselves in a still more difficult position. That is why all those for whom a hiking up of prices is the favorite way of augmenting income must think twice before making such a decision. Those who give their "blessing" to application of that kind of formula will have to be still more restrained.

#### SR Serbia

Belgrade KOMUNIST in Serbo-Croatian 22 Jan 82 p 13

[Article by Rastko Jovetic: "Conditions for a More Confident Move"]

[Text] The resolution on policy for implementing the Social Plan of SR Serbia during this year has stated that the growth rate of the gross social product would be about 4 percent, that of industrial production 5.5 percent and that of agricultural output 4.5 percent. It must be said at once that this kind of growth represents the lower limit, which is why better results than those planned are expected in certain sectors of economic activity. Aside from these figures, the other numbers and percentages in this document also range within the limits of realistic possibilities. It is obvious that the proponents and the participants in the public debate concerning this document were aware of the fact that the economy of SR Serbia will confront serious trials in 1982, perhaps even greater ones than last year, in 1981.

Nevertheless, there are also those who believe that the tasks set in this resolution are rather modest, since Serbia has an economic potential and the personnel for exceeding certain planned growth rates. For example, according to the judgment of Aleksandar Mitrovic, president of the Economic Chamber of Serbia, there are opportunities for the growth rate of exports this year to be twice as high as planned (8.5 percent).

This assessment was arrived at on the basis of an analysis of export plans, but also of the real capabilities of the 150 largest exporting organizations in SR Serbia. These analyses showed that those collectives could achieve an export level of about \$2.65 billion, which is considerably more than SR Serbia's

obligatory share in Yugoslav exports. Achievement of that does not depend solely on the exporters, but also on whether legal provisions and economic policy measures will motivate them to produce for export or not. One of the conditions for larger exports is the furnishing of foreign exchange to purchase foreign raw materials and industrial goods. That will not, of course, be an easy job and will not depend solely on those collectives. There have been proposals to the effect that the federal regulations whose purpose is to restrict imports not be equally applied to all organizations of associated labor, but be at least somewhat less strict in the case of those producing for export.

There is quite a bit of doubt that employment will increase by only 2 percent. That is, figures are cited from past years showing that the growth of employment has been twice as high. The resolution states that this will be achieved only provided there is no new hiring of administrative personnel, but only personnel for production jobs. At the same time, it is recommended that a beginning be made this year to "move" workers from the office out into the plant. This is highlighted by the fact that in SR Serbia today the number of personnel in the administration is almost equal to the number in production. By all appearances this "transfer" of manpower is quite possible, since analyses show that this republic's economy has vacancies for another 300,000 new workers, but under the condition that all available capacity is fully utilized. When it comes to investments, those which are coming most under attack are noneconomic investment projects (they have been cut by one-third compared to last year), and especially projects to meet the needs of agencies of sociopolitical communities and socio-political organizations, which will not be building anything.

Practically every obligation to find in the resolution on economic policy in 1982 can be followed by the words: will be fulfilled provided.... And all those conditions are extremely important, so that it is really difficult to draw up some accurate sequence. Nevertheless, there is no doubt whatsoever that responsibility is an indispensable condition. So, followup on performance of tasks needs more than ever to become constant practice, as well as calling to account those who are not doing their part of the job as they should.

SAP [Socialist Autonomous Province] Kosovo

Belgrade KOMUNIST in Serbo-Croatian 22 Jan 82 p 13

[Article by Milijana Apt: "Priority Going to Industrial Development"]

[Text] The development of SAP Kosovo this year should consist of faster growth of industrial production, agriculture, construction and transportation. Other sectors are also supposed to contribute to overall development, to a change of the economic structure, and to faster growth of income and employment through more stable growth. An effort is to be made to provide the conditions for more harmonious development of economic relations based on shared income and for the growth and faster activation of investment projects. Another important factor is that the dynamic and harmonious development of the province's economy in 1982 should be based above all on better utilization of existing capacity and faster activation of plants under construction, more effective undertaking of economic policy measures and other measures, and also on enhancing the responsibility of all entities for consistent performance of the tasks which have been set forth.

A dynamic 6.7-percent growth rate of industrial production will be achieved this year through the activation of new plants and more optimum utilization of existing ones. The principal vehicle of this growth will be the electric power industry, which should achieve a growth rate of 10 percent over the previous year by putting one unit, Kosovo B, on line and through better utilization of existing capacities. Growth of the production of electric power will, of course, be accompanied by larger production and processing of coal (production is to increase 19.5 percent and processing 30.4 percent).

Achievement of the projected development of industry calls for exceptional efforts and responsibility for optimum utilization of existing capacities, for respecting deadlines for the opening up of new plants, for the supply of raw materials and other industrial goods, for seeking out stable markets, for better organization of work, etc.

It is especially important to achieving the anticipated agricultural output (growth of 4.5 percent) that producers be furnished supplies and raw materials (fertilizer and seed) in good time and at the same time receive the machines they need. It is also necessary to carry out in good time land reclamation measures and all measures envisaged by the Agreement on the Bases of the Social Plan of SAP Kosovo on Development of the Agroindustrial Complex in the Period 1981-1985.

A 7.6-percent increase in the value of construction work in 1982 is to be guaranteed through firmer relationships between construction crews and members of the building trades, through an increase in their efficiency and through the organized supply of building materials.

The goal of investment policy is more efficient and optimum use of resources, especially with respect to completion of projects now under construction. New investments will be oriented toward carrying out programs that afford more new hiring and achievement of greater income. In that respect particular importance is being attributed to the pooling of labor and capital with organizations of associated labor from the advanced republics and SAP Vojvodina. It is expected that the real volume of investment in the fixed capital of the socialized sector will increase 16.7 percent this year over last year (19.3 percent for the economy and 5.9 percent for noneconomic activities). Industry would have the largest share in the structure of total investments, all of 66.4 percent. The high growth rate of employment, 5.8 percent, should furnish jobs for nearly 200,000 persons.

The development of the social services is to ensure their firmer integration with associated labor. Augmentation of the volume of services and improvement of their quality will contribute to more efficient utilization of capacity, personnel and resources. There is particular insistence on the development of education, which in the coming period should first of all prepare personnel needed by associated labor.

## Macedonia

Belgrade KOMUNIST in Serbo-Croatian 29 Jan 82 p 12

[Article by Jovan Baseski: "A Close Interweave of Interdependence"]

[Text] During last year exports were up 25.1 percent over 1980. At the same time, imports increased at a rate of 8.2 percent. This helped to improve the "coverage" of imports by exports by all of 15.6 percent, which is the highest "coverage" over the last 5 years. But in opting for far larger exports, we should not forget the lessons from last year's visible foreign trade. The "coverage" of imports by exports last year exceeded 90 percent in trade with the bilateral payments area. With the convertible area on the other hand, this indicator recorded a drop of 12 percent.

That is why the point of departure for exports this year is the need for a greater effort in the convertible area. If sufficient raw materials and other industrial goods are to be obtained for production, exports to that area must not grow at a rate below 11.5 percent. This borderline is the point of departure for overall calculations necessary to development and reproduction. It is difficult to foresee how these commitments will be carried out in practice, especially since not even a month has passed since the new year began. However, it is becoming increasingly obvious that the problems imposed by this year's development are more difficult and complicated than last year. In the endless race in which production, imports and exports are interdependent and interacting, many organizations of associated labor seem to have run out of wind. Not to mention the fertilizer factory in Titov Veles, which has not been operating for 4 months now because of imported raw materials and other industrial goods. Over the past 30 days several plants have been forced to halt production or are in danger of suspending production at any moment. Even the large exporters such as the factory in Titov Veles we have mentioned are confronted with import problems. The same problems with imports are also faced by sizable exporters such as the 11 October Bus Factory and the Skopje Steel Mill.

An important contribution in this area is expected from new projects which are supposed to go into production soon. For instance, a few days ago trial operation began at the third synthetic fiber plant of OHIS [Skopje Organic Chemical Industry]. This increased the republic's total output of Malon to 26,000 tons a year. At the same time this means an import substitution worth between \$25 and \$30 million. Though no significant inflow of foreign exchange is expected when FENI goes into production, since the major part of production will go to pay off foreign credits during the first years of operation, the first tons of ferro-nickel expected would soon remove the burden of a portion of obligations to foreign countries.

## Bosnia-Hercegovina

Belgrade KOMUNIST in Serbo-Croatian 29 Jan 82 p 12

[Article by Milan Trivic: "Number One--Increase Production"]

[Text] Stabilization is the word which was mentioned most often even in discussions concerning enactment of the development resolution. Stabilization, that is,

augmentation of production, a bolstering of the economy's export capability, growth of productive employment, halting the drop in the standard of living, reducing the volume of investments.... That is why it is rightly pointed out even now that the character of 1982 will depend on the attitude of everyone toward achieving the policy of economic stabilization.

A detailed and complete discussion of 1982 cannot be accomplished in a brief sketch, but certainly we should emphasize the first task on the list: increasing output. Output last year grew 7.6 percent, which is 2.6 percent more than was planned. Its growth this year is once again set at about 5 percent. However, we should say that some 20 major industrial projects are going into production this year. Better utilization of capacity is also counted on. Every increase of 1 percentage point in utilization of capacity means 300 million dinars more of income.

Stabilization calls for a change of behavior in investment spending as well, since this is one of the ways of reducing the rate of inflation. That is why it has been envisaged that investments would be reduced by 4.9 percent in 1982 as compared to the previous year. As for the economy, it should utilize what has already been built, introduce, for example, a second shift, and thus achieve better results. And when something has to be built, priority must be given to that production which is oriented toward export or will help to reduce imports. Not only will certain investment projects have to be suspended where the financing has not been furnished, but even those for which funds have already been provided will have to be postponed when at the moment they are not indispensable.

In the present economic situation the growth of employment is becoming an ever more difficult problem, and there is a need to find appropriate solutions of mitigating that problem. The orientation in employment policy should be above all toward hiring people for production and toward slowing down the growth of employment in the social services. The growth of employment in administrative jobs in the past can serve as a warning. In administrative entities, government agencies and the staff services of sociopolitical communities employment increased 35 percent between 1975 and 1981; in sociopolitical and public organizations it grew 79 percent, in the Social Accounting Service it grew 50 percent, and in banks and the insurance industry the number of employees grew all of 78 percent.

#### Slovenia

Belgrade KOMUNIST in Serbo-Croatian 29 Jan 92 pp 12,13

[Article by Misa Sovdat: "Exports as a Commitment"]

[Text] More moderate growth rates aimed at stabilizing economic flows will be the principal feature of the Slovenian economy in 1982. The social product is supposed to grow at a rate of 1.5 percent, industrial output at 2 percent, and agricultural output at 3.5 percent. Real income would be approximately at last year's level, but prices are not to exceed a growth of 15 percent. Employment would increase only 0.5 percent.

However, when it comes to foreign economic relations, the Slovenian economy is increasingly aware of its great dependence on foreign trade. In practical terms this means that sales should increase by leaps and bounds in certain countries,

since only in that way will it be possible to guarantee favorable conditions for supplying imported raw materials and other industrial goods to production.

This kind of orientation is necessary and actually the only acceptable one. That is, in 1981, precisely because of the inadequate supply of raw materials and other industrial goods, industry faced many difficulties. Production was often halted for that reason, and workers were transferred to other jobs or went off on collective vacations. Particular attention will be paid this year to seeking out internal potential so as to reduce imports and increase exports in this way as well. This year the Slovenian economy will have to increase visible exports to the convertible market by 13.1 percent and exports of invisibles 12 percent. This increase will "guarantee" a 2.5-percent larger volume of imports of goods from the convertible market, and within that a 4.5-percent larger volume of imports of noncapital industrial goods.

Within this context the importation of equipment is still a large problem. We cannot go on forever allowing administrative--and, it can be said, artificial--restrictions. Slovenia will make it possible for equipment to be imported for the priority activities, especially when the output is intended for export, and then to the fuel and power industry and agriculture. All of this and the fact that more than \$360 million of debt (which amounts to nearly 5 percent of the republic's planned social product) will have to be repaid in 1982 indicates that a still firmer and more extensive orientation of the Slovenian economy toward export is truly the right task and the most important one.

Practically all else, including investments, will for all practical purposes be subordinated to foreign trade. Investments will be reduced 5 percent in real terms, and investments will be made with one sole aim: restructuring the economy toward production for export. This does not concern only new investment projects, but also the reorientation of certain existing plants.

#### Vojvodina

Belgrade KOMUNIST in Serbo-Croatian 29 Jan 82 p 13

[Article by Branko Krstic: "Agriculture--Unused Potential"]

[Text] Even late last year it was felt that the growth of the social product this year could not exceed 3.4 percent, and now only 2.7 percent is being proposed. The greatest impact on such an important change was exerted by the new assessment of the potential for development of agriculture, whose growth rate was reduced from 4.5 percent to barely 2 percent. We say "barely" because it is felt that in our country, as indeed in all developing countries, it is most realistic for agriculture to develop at a rate of at least 4 percent if it is to meet the needs of the population for the foreseeable future. That is the goal toward which all measures being taken in Vojvodina are aimed with respect to food production, crop planning, and timely setting of producer and sale prices of the principal farm products.

However, economic conditions up to now and the measures being taken in the country as a whole have for several years now failed to offer any major opportunities for the development of agriculture, though in past years, at all meetings discussing agriculture, unambiguous commitments have been expressed to the effect

that this sector represents a great opportunity for our country, not only in the matter of economic stabilization, but also in improving the country's balance of payments. Not only have these opportunities not been taken advantage of, but in the past medium-term period, after an initial growth, there came an abrupt drop in production. From 11.2 percent in 1977 it dropped to 0.3 percent just 3 years later. This stagnation was also appreciable last year, when the growth of agricultural output was only 0.7 percent, so that it is difficult to have any sizable ambitions in that kind of business climate and economic situation. But even the growth which is now being proposed will be based above all on the measures which will be taken by the province in collaboration with associated labor, which is not sufficient for the more dynamic development of food production which our country needs.

The resolution on Vojvodina's development policy also clearly emphasizes the need for all planning entities to set forth altogether concrete programs of measures and activities to carry out this document. This is extremely important, since it has been shown that past activity in narrowing priorities in investments has yielded good results at major projects, and there has been a relative drop in the volume of investments for these purposes. However, the abrupt growth of investments in small-scale projects has been detracting from the results, which indicates inefficient use of the savings needed for pooling and for investment to complete major capital investment projects already begun which use domestic raw materials and which would replace imports. Nevertheless, the setting aside of funds for investment projects should be about 9 percent lower than last year.

The key question of development this year is exports, especially to the convertible market. It is therefore proposed that the growth rate of total exports be 8.8 percent, within which exports to the convertible market alone would increase 13 percent. This is necessary under present conditions if the necessary imports [original reads "exports"] of raw materials and noncapital industrial goods are to be achieved. There is, moreover, particular insistence on augmenting exports in the form of work on foreign capital investment projects and other activities. Extension of incentives is envisaged for these purposes, but more is expected from the rise of labor productivity, better utilization of capacity, reduction of production costs, and more efficient and optimum business operation.

A further drop in the personal standard of living is expected because personal income and social welfare benefits would increase slower than the cost of living. At the same time, employment is expected to increase only 1.9 percent. This is the largest possible increase in view of the expected growth of production and labor productivity. All of this indicates that development will take place in 1982 in a very problematical context, since difficulties are anticipated which came about in previous years and which are having a restrictive effect on development. That is why the task on which the resolution focuses is achievement of the policy of economic stabilization.

#### Comment on Economic Plans for 1982

Belgrade KOMUNIST in Serbo-Croatian 29 Jan 82 p 13

[Article by Slobodan Ignjatovic]

[Text] It seems that planning documents concerning economic development this year are in large part and finally the result of a mature awareness that the economy can be

stabilized only on the basis of realistic assessments of possibilities. This is in fact indicated by the articles which have been published in this series concerning the most important directions in the development policy of the republics and provinces for this year. However, more than that, they are a kind of criticism of an illusion long passed over in silence that promises to be seen and found primarily in construction of new plants. For example, that is why all the republics, Vojvodina and the country as a whole are planning a real drop of investments for this year, and emphasis is being put on more efficient utilization of capacity. A more essential question than that of how much the country's balance of payments has caused the search for sources of development to look in other places is the question of whether the proposed growth rates have been well measured.

Pessimistic tones are often heard in discussions concerning these prospects (at many gatherings and in the press). To be sure, few people would fail to agree that there is no place for exaggerated optimism. However strange it may seem, that circumstance is exceedingly important for our situation. It indicates that the mentality that prevailed until recently is being displaced, a mentality that is perhaps best illustrated by the slogan "We'll Do It Easily," that there is a stronger awareness that the way out of the difficulties must be sought in bringing goals into line with potential. In other words, this could also mean overcoming a practice in which wishes were made the backbone of the plan. The commitment that more moderate growth rates, which are supposed to be an approximate expression of the economic development achieved, is another result of criticism of that practice. The question of whether this year's rates could have been different is not perhaps a decisive one at this point. It is important, however, that we not abandon one extreme only to go to the other--to establish growth rates even lower than they objectively could be. We are also thinking here of the announced revision of the country's medium-term social plan and hints that an effort will be made not only to narrow the priorities set forth in it, but even to reduce the established growth, for example, of the social product, of industrial output, and so on. That is, the framework of progress is nevertheless determined by the plan, which is in large part the result of an assessment. If in this process potential is being assessed, there could easily be a drop in the pace of development which would be difficult to make up later. And judging by the articles from the republics and provinces, this year's rates, especially those for industrial and agricultural output, are on the borderline which absolutely must be achieved. For example, the article from Serbia states that they are below the real capabilities of its economy. Exports worth approximately \$2.6 billion can be achieved by just 150 collectives, which is considerably more than Serbia's obligatory share in total Yugoslav exports. There is unutilized potential in other places as well. In Montenegro 80,000 cubic meters of imported wood can be replaced by processing scrap paper. Every percentage point which utilization of capacity rises would bring 300 million more dinars of income to the Bosnia-Hercegovina economy. Slovenia sees optimum saving as an important opportunity for reduction of imports, and Vojvodina sees firmer links with associated labor outside that province as the way to increase agricultural production (incidentally, the growth rate of the most important sector in Vojvodina is half what it is in the other republics), and so on.

Those are just some of the possibilities that production even this year could exceed the planners' expectations. Not to mention that trained personnel represent 65 percent of the total labor force in Yugoslavia's socialized sector, that use of work time is less than 60 percent (employed persons with junior and senior postsecondary education use their work time at a level of only about 50 percent). Whatever effort is made by the actual producers, their productivity is being "eaten up" by administrative personnel and the huge expenditures for nonproductive consumption (in Bosnia-Hercegovina the number of persons employed in socio-political and public organizations increased 79 percent between 1975 and 1981). Such a large increase in the number of employees outside the economy is the reason why productivity has been dropping in spite of the fact that the level of equipment per worker has been increasing at a high annual rate of 3.6 percent over the last decade. So as not to go on enumerating--all these figures indicate favorable prospects for larger output, but they also represent a kind of stimulus for thinking about the real potential of the Yugoslav economy. It is true, for example, that the Yugoslav economy is characterized by structural disproportions. However, the fragmented market tends to multiply their importance. Because of the need for foreign exchange an organization exports a semifinished product, while another organization from a neighboring sociopolitical community which is using it in its own production imports it. It would be difficult to prove that the mechanism for concluding agreements and establishing linkage between these two organizations had failed. It is closer to the truth that this mechanism is not functioning because of the barrier between them which has been raised by forces outside associated labor. How otherwise to interpret the fact that of current investment projects, amounting to 1,800 billion dinars, those crossing republic boundaries represent only 5 billion, if not in terms of the endeavor to prevent investment outside one's own borders, supposedly in the interest of "one's own" area. It is not enough for associated labor to show goodwill in concluding agreements and establishing links (so that by consolidating savings they would mitigate the structural disproportions of the Yugoslav economy as a whole), but there is also a need for the blessing of those forces--which are "duty-bound" to see to the situation in their own preserve--when organizations within their jurisdiction seek partners beyond the established demarcation line. Thus such barriers perfectly serve their purpose--they justify the existence of those forces. How large a potential would be attained by eliminating barriers of this kind which stand in the way of pooling on a larger scale??

Restricting the power of those forces, and that means expanding the powers of associated labor, would signify more efficient utilization of the potential which, we are convinced, offers a favorable opportunity for successful development. Incidentally, this is also confirmed by the articles which have come in from the republics and provinces.

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